

COMMITTEE ON FINANCE
(Standing Committee of Berkeley County Council)

Chairman: Mr. Steve M. Vaughn, District No. 5

Members: Mr. Milton Farley, District No. 1
Mrs. Judith K. Spooner, District No. 2
Mr. William E. Crosby, District No. 3
Mr. Charles E. Davis, District No. 4
Mrs. Judy C. Mims, District No. 6
Mr. Caldwell Pinckney, Jr. District No. 7
Mr. Henry L. Richardson, Jr., District No. 8
Mr. James H. Rozier, Jr., Supervisor, ex officio

The COMMITTEE ON FINANCE met on Monday, January 22, 2001, Berkeley County Office Building, 223 North Live Oak Drive, Moncks Corner, South Carolina, at p.m.

PRESENT: Mr. Steve M. Vaughn, Councilmember District No. 5, Chairman; Mr. Milton Farley, Councilmember District No. 1; Mrs. Judith K. Spooner, District No. 2; Mr. William E. Crosby, Councilmember District No. 3; Mr. Charles E. Davis, Councilmember District No. 4; Mrs. Judy C. Mims, Councilmember District No. 6; Mr. Caldwell Pinckney, Jr., Councilmember District No. 7; Mr. Henry L. Richardson, Jr., Councilmember District No. 8; Mr. James H. Rozier, Jr., Supervisor, ex officio; and Mr. D. Mark Stokes, County Attorney.

The requirements of the Freedom of Information Act have been complied with by posting the time, date, place and agenda of this meeting of Berkeley County Council at the entrance to the Berkeley County Office Building, 223 N. Live Oak Drive, Moncks Corner, South Carolina, and a copy of such notice was mailed to all Councilmembers and the News media.

Chairman Vaughn called the meeting to order and stated the first item on the agenda was an Executive Session, which was needed.

Item A, Ms. Marie Wauben, Human Resources Director, Re: Personnel reorganization.

Supervisor Rozier stated they are asking to be allowed to reorganize the Finance Department. He stated they needed to move \$4,500 from the Finance Director's salary line item for the remainder of the year.

Councilmember Farley moved for approval; seconded by Councilmember Davis; and passed by voice vote of Committee.

Item B, Charlotte Allen, CPA of Bryan Truesdale Adkins & Williams, PA, Re: CAFR Presentation.

Ms. Allen stated before they go over the audit report she would express Bryan Truesdale Adkins & Williams, PA thanks for the opportunity to work with the County this year. She

publicly thanked all of the County employees evolved in the audit for their cooperation and assistance.

Ms. Allen stated Council has received a copy of the CAFR, Comprehensive Annual Financial Report of Berkeley County for they year ended June 30, 2000. She stated the blue folder they just received contains a copy of the management letter and a letter addressed to the Finance Committee, which clarifies their responsibilities regarding the audit and other related matters they are required to communicate by the AICPA.

Ms. Allen stated the presentation she planned is extremely brief, but she would be glad to expand on it at any point. She stated Council could ask, or call for additional information at their office at any time. Ms. Allen stated the first page of the financial section of the CAFR contains their report on the County's financial statements. She stated they believe the financial statements fairly present the County's financial position on June 30, 2000 and the result of operation for the June 30, 2000 fiscal year. This is what they call a clean opinion.

Ms. Allen stated the part of the financial statement that probably interests Council the most may be found on Page 6, Budget to Actual Comparison. She stated close to the bottom of the page they would note that Council budgeted to spend \$4,000,000 of the General Fund accumulated fund balance. Other words, budgeted \$4,000,000 deficit for the year 2000. The final result was a deficit of \$1.7 million or favorable variance of \$2.3 million. Ms. Allen indicated the bad news was that nearly half of the favorable variance is due to timing issues related to projects primarily in Public Works and Roads and Bridges that were behind schedule at year-end. She stated the unexpended funds were recommitted in the new fiscal year.

Ms. Allen stated other areas that may of interest to Council in the area of expenditures is the fact that expenditures include approximately \$2,000,000 in unbudgeted capital outlay expenditures, which were financed by they capital lease procedures enumerated under Other Financing Sources. She stated there was \$971,000 of unbudgeted expenditures for the Mt. Holly Commerce Park, which were funded by draws from the intergovernmental loan from the South Carolina Public Service Authority also under the Other Financing Sources. The \$2.9 million in unbudgeted expenditures masks favorable variances of three-quarters of a million dollars in personnel and related services and \$1.3 million variance in non-personnel costs. Ms. Allen stated as she mentioned earlier they are largely related to projects, which were behind at year-end. She stated in other words they had favorable operating variances, which don't readily show in this presentation of the budget to actual.

Ms. Allen stated total revenues are within 1% of budget with increase collections in taxes and elsewhere making up for below budget collections in the fee-in-lieu of taxes. She stated other area of possible interest is listed on Page 8, which details the activity of the Proprietary Funds which encompass Cypress Gardens, E-911 Fund and Berkeley Water and Sanitation. The major component is the Berkeley County Water and Sanitation Fund, which was audited earlier this year. There was income from operations of all these funds of \$4.6 million and net income of \$2.1 million, which is very much comparable to prior year when the income from operations was \$4.8 million and the net income was again \$2.1 million.

Ms. Allen stated she hadn't planned on spending time going through the other funds in any great detail. She stated the special revenue funds are detailed on Pages 45 – 73 and account for numerous grants, special assessment funds, and various economic development activities that should be updated by staff fairly regularly.

Ms. Allen called Council's attention to a new debt service fund on Page 75. She stated it was created this year to account for the activity relating to the sale of property in the Mt. Holly Commerce Park, and repayment of debt to South Carolina Public Service Authority, who financed the bulk of the development. There is new disclosure on Page 26, which details the provisions of the loan agreement.

Ms. Allen stated being on page SA1 are two auditors' reports that could be read at Council's leisure. She stated they are required to issue them on their evaluation of the County's internal control, and compliance with laws and regulations as regard to the financial statements in general as they relate to administering federal funds. There was one finding relating to lack of segregation of duties at Berkeley Water and Sanitation, which management is addressing as circumstances and available staff.

Ms. Allen stated the management letter details areas they feel either to be opportunities to increase efficiency or areas, which need improvement. She stated they went over the comments with the departments, which are affected in some detail, and discussed possible courses of actions with them.

Ms. Allen stated she would attempt to answer any questions, and urged any Councilmembers to feel free to call or e-mail any questions to her or Ms. Martha Bryan. She stated their cards were located in the blue folders. Ms. Allen thanked Council for the opportunity to be of service to the County.

Councilmember Crosby stated they received the information tonight, which made it hard to follow. He asked if there was a summary? Ms. Allen stated she could send the Clerk of Council a copy of the minutes. She apologized to Council for not receiving the CAFR with the board packages, because they were delivered at the end of December. Councilmember Crosby stated they would appreciate it very much. Ms. Allen stated she would be glad to.

Supervisor Rozier stated, for information, unbudgeted doesn't mean unapproved. He stated it was approved it wasn't budgeted at budget time; it was approved later as additions to the budget. Ms. Allen stated, "that's correct." She stated they have discussed with the Finance staff a better way to get it into the ledger so it wouldn't mask so much of the true activity. Councilmember Crosby asked if it was identified in the report. Supervisor Rozier stated, yes.

Item C, REPORTS FROM STANDING COMMITTEE:

Committee on Justice and Public Safety. Councilmember Milton Farley, Chairman.

Councilmember Farley stated the Committee on Justice and Public Safety met on January 8 and earlier tonight. He stated one matter before them was from the Chief Magistrate's Office requesting an increase in a constable's hours. The request was for \$1,538 from Contingency, which was approved by Committee and he so moved; seconded by Councilmember Crosby; and passed by voice vote of Committee.

Supervisor Rozier stated there was a request not on the Agenda without objection. He stated Councilmember Farley requested a reduction in his pay due to requirement by Social Security limiting the amount he could earn. At this time it has been increased by Social Security and they would like to return \$1,500.

Councilmember Crosby moved for approval; seconded by Councilmember Spooner; and passed by voice vote of Committee.

Councilmember Crosby moved to adjourn; seconded by Councilmember Spooner; and passed by voice vote of Committee.

The Committee on Finance adjourned at 8:27 p.m.

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There will be a SPECIAL MEETING of the COMMITTEE ON FINANCE, Standing Committee of Berkeley County Council, on Monday January 22, 2001, in the Assembly Room, Berkeley County Office Building, 223 North Live Oak Drive, Moncks Corner, South Carolina, following the meeting of the Committee on Public Works and Purchasing, the Committee on Land Use, and the Committee on Justice and Public Safety, scheduled to begin at 6:50 p.m.

AGENDA

EXECUTIVE SESSION to discuss negotiations incident to proposed contractual arrangements and proposed sale or purchase of property; and employment, appointment, compensation, promotion, demotion, discipline, or release of an employee, a student, or a person regulated by a public body and other matters covered by the attorney-client privilege.

- A. Ms. Marie Wauben, Human Resources Director, Re: Personnel reorganization.
- B. Charlotte Allen, CPA of Bryan Truesdale Adkins & Williams, PA, Re: CAFR Presentation.
- C. REPORTS FROM STANDING COMMITTEES:
 - 1. Committee on Justice and Public Safety
Council Member Milton Farley, Chairman
 - a. Magistrate's Court, Re: Additional funds.

January 17, 2001
S/Barbara B. Austin
Clerk of County Council